

GENERAL.

14. The limitation in respect of teachers joining the Service after the 24th December, 1909, to a maximum pension of £300 per annum is a serious blot on the fund. Not only does such a limitation deprive the State of that hold which a superannuation scheme ought to give on its best men when more remunerative employment offers elsewhere, but it obviously causes those teachers who remain to defer their retirement, and a general movement in this direction might seriously affect the efficiency of the service. The limitation is therefore likely to defeat one of the principal aims and objects of the superannuation scheme, and it only causes a comparatively trifling saving in the cost of the total pensions.

Few, if any, of the teachers who are affected by the limitation have yet reached the normal age of retirement, and possibly many have not fully realized its effect; but I would be failing in my duty if I did not draw special attention to the probable effects of such limitation, particularly as it is almost unknown in large pension schemes elsewhere. In this connection it may not be out of place to mention that the benefits accruing to the State as employer in having a good superannuation scheme are considered so great by the Imperial Government that their Civil Service pension scheme, which includes certain substantial death benefits in addition to a pension on a similar basis to that of the New Zealand Government Superannuation Funds, but without any such limitation by way of maximum pension, is paid for in full by the State.

In the New Zealand Teachers' Superannuation Fund the Government had contributed at the valuation date only £399,417, as against £1,031,725 contributed by the employees themselves—that is to say, the teachers have shouldered practically three-quarters of the burden.

15. I consider also that it would be a great improvement if the present involved method of arriving at the subsidy were abolished in favour of an automatic method based upon a definite percentage of the contributions paid. Any estimate, however, of the percentage that would be necessary would need to make due allowance for the important changes in the constitution of the fund since the valuation date—*e.g.*, the amended salaries scheme, and the inclusion of house allowance, &c., for the purposes of contributions and pensions. These matters are being fully investigated in connection with the 1927 valuation of the fund now in hand, and accordingly I considered that no material benefit would be gained by withholding a report which from causes outside of my control is long overdue.

16. In conclusion I have to acknowledge the capable assistance of Mr. G. W. Melville, F.F.A., and the efficient service rendered by the staff engaged in carrying out the heavy work of the valuation.

C. GOSTELOW, F.I.A.,
Government Actuary.